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# NASA Procedural Requirements

**COMPLIANCE IS MANDATORY****NPR 9250.1**Effective Date: September 30,  
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Request Notification of Change

 (NASA Only)**Subject: Property, Plant, and Equipment and Operating Materials and Supplies****Responsible Office: Office of the Chief Financial Officer**[| TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) | [Chapter6](#) | [Chapter7](#) |  
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## Appendix A. Definitions

**A.1 Abandoned.** A condition in which the facility or other General PP&E asset has been 'walked away from' or ceasing to maintain any part of the property. There are no plans for future reactivation and plans have been made to demolish or declare the asset item as excess at the earliest practical date.

**A.2 Acquisition Cost.** Acquisition cost is the original purchase, construction or development cost, and includes all costs incurred to bring the property to a form and location suitable for its intended use, net of (less) any purchase discounts.

**A.3 Agency-Peculiar Equipment.** Completed items, systems and subsystems, spare parts and components unique to NASA aeronautical and space programs. Examples include research aircraft, reusable space vehicles, ground support equipment, prototypes, and mock-ups.

**A.4 Alternative Future Use.** Having a planned use on a project other than the one for which it is originally purchased which can be identified and objectively measured at the beginning of a project or at the time the purchase occurs or fabrication commences.

**A.5 Ancillary Capitalized PP&E.** PP&E with an acquisition cost of over \$100,000 and a useful life of 2 years or more that are either purchased and/or fabricated to support a project's objectives and that can be reused by a future project or have a probable future economic benefit.

**A.6 Asset Attribute.** An attribute in MdM (Metadata Manager) to identify capital assets at the individual WBS component level. When enabled, the asset attribute will be used to identify those WBS elements that support capital asset acquisition. The five WBS asset attribute types available are based on the type of asset acquisition the WBS will be supporting: (1) Theme Assets, (2) Software (Internal use software \$1M and over), (3) Real Property, (4) PP&E - Fabricated Ancillary capital assets, (5) PP&E - Purchased Ancillary capital Assets.

**A.7 Bargain Price.** Price (less than fair market value) at which NASA has the option to purchase leased PP&E which makes exercise of the option almost certain.

**A.8 Buildings, Improvements, and Renovations.** Buildings, Improvements, and Renovations include costs of buildings, improvements and renovations to buildings, and fixed equipment required for the operation of a building which is permanently attached to and a part of the building and cannot be removed without cutting into the walls, ceilings or floors. Examples of fixed equipment required for functioning of a building include plumbing, heating, and lighting equipment, elevators, central air conditioning systems and built-in safes and vaults.

**A.9 Bulk Purchase.** Bulk purchase for capitalization purposes is defined as a single acquisition of many separate items that if purchased individually would not be material, but is material when purchased as a single acquisition, or a single acquisition of many separate items with some of the items being individually material.

**A.10 Bundled Software Products and Services.** A suite of software products or services (i.e. training, maintenance, data conversion, reengineering, site licenses and rights to future upgrades and enhancements).

**A.11 Capitalized Property, Plant, & Equipment (PP&E).** PP&E with an acquisition cost of \$100,000 and over and a useful life of 2 years or more that are either purchased and/or fabricated to support a project's objectives and that have a planned alternative future use on another project.

**A.12 Capitalized Internal Use Software.** Software that meets all of the following criteria:

- a. Is purchased from commercial vendors "off-the-shelf," internally developed, or contractor-developed solely to meet the entity's internal or operational needs;
- b. Operates in a stand-alone mode and is not integrated or necessary to operate hardware or equipment;
- c. Used to operate NASA's programs (i.e., financial and administrative software including that used for project management); or to support NASA's missions (i.e., communication software designed to support multiple missions). This would be software developed independently for a mission (i.e., not part of the mission);
- d. Total projected cost is \$1,000,000 or more; and
- e. Has an expected useful life of 5 years.

**A.13 Commercial off-the-shelf (COTS) software.** Software purchased, leased or licensed from a vendor and ready for use with little or no change.

**A.14 Contractor Developed Software.** Software designed, programmed, installed, and implemented by a NASA contractor, including new software and modifications of existing or purchased software without substantive NASA employee involvement other than contract monitoring.

**A.15 Contractor-Held Property.** Contractor-Held Property is NASA-owned property in the possession of a contractor, and includes NASA furnished property, contractor-acquired property or contractor-fabricated property.

**A.16 Data Conversion.** Data Conversion includes conversion of existing data, reconciliation or balancing data, and the creation of new/additional data.

**A.17 Depreciable Basis.** The depreciable basis of a General PP&E asset is the recorded cost reduced by the asset's salvage value, when the salvage value exceeds 10 percent of the asset's cost.

**A.18 Depreciation.** Depreciation is the systematic and rational allocation of the cost of General PP&E less its estimated salvage or residual value, over the estimated useful life of the General PP&E. Depreciation expense shall be recognized on all General PP&E, except for land and land rights of unlimited duration.

**A.19 Development.** Development is the translation of research findings or other knowledge into a plan or design for a new product or process or for a significant improvement to an existing product or process whether intended for sale or use. It includes the conceptual formulation, design, and testing of product alternative, construction of prototypes, and operation of pilot plants. It does not include routine or periodic alterations to existing products, production lines, manufacturing processes, and other on-going operations even though those alternations may represent improvement and it does not include research or market testing activities.

**A.20 Estimated Economic Life.** Estimated remaining period during which the PP&E is expected to be economically usable by one or more users, with normal repairs and maintenance, for the purpose for which it was intended at the inception of the lease, without limitation by the lease term.

**A.21 Excess Property.** Property that is no longer required for an Agency's needs, as determined by the Agency head or designee.

**A.22 Fabrication.** Fabrication is the process of building or constructing a part or end item (i.e., satellites, space shuttle, space station, etc.). Multiple materials and supplies can be used and incorporated in a fabrication.

**A.23 Fair Value.** Price for which leased PP&E could be sold in an arm's-length transaction between unrelated parties.

**A.24 Formulation Phase.** Consists of conceptual formulation of alternatives, evaluation and testing of alternatives, determination of existence of needed technology, and final selection of alternatives.

**A.25 Free Software.** Software released to the public or other Federal agencies that advances scientific and technological knowledge but is not used in NASA's operations. The development of such software is consistent with NASA's mission, but is not acquired or constructed with the intention of being used, or being available for use by NASA.

**A.26 Heritage Assets.** Heritage assets are property, plant, and equipment (PP&E) that are unique for one or more of the following reasons:

- a. Historical or Natural Significance;
- b. Cultural, Educational or artistic (i.e. aesthetic) importance;

c. Significant architectural characteristics.

**A.27 Impaired Software.** Software no longer expected to provide substantive service potential which will be removed from service, or software which has incurred a significant reduction in capability, function, or use (or a module thereof).

**A.28 Implementation Phase.** Consists of design (including configuration and interfaces), coding, installation of hardware, and testing (including parallel processing, if needed).

**A.29 Improvements to Land.** Improvements to Land includes the cost of nonpermanent, depreciable improvements to land used in general operations. Also includes similar costs to land subject to stewardship reporting, as well as land rights of limited duration that are associated with general operations. The distinction between land and land improvements is that while land has an indefinite life and non-depreciable, land improvements have an estimated useful life (finite life), and it is capitalized and depreciated. Examples of land improvements include the cost of parking lots, driveways, fences, lawn, and garden sprinkler systems. The costs of land improvements are capitalized and depreciated.

**A.30 Ingrant.** An ingrant is an agreement between NASA and another entity by which NASA is allowed to use the property owned by the other entity.

**A.31 Integrated Software.** Computer software integrated into and necessary to operate Property, Plant, and Equipment (PP&E), rather than a stand-alone application.

**A.32 Interest Rate Implicit in the Lease.** Discount rate that, when applied to the minimum lease payments (less executory costs and unguaranteed residual value), causes the aggregate present value at the beginning of the lease term to be equal to the fair value of the leased PP&E at the inception of the lease.

**A.33 Internally Developed Software.** Software developed by NASA employees, including new software and existing or purchased software being modified with or without the assistance of contractors.

**A.34 Internal Use Software.** Internal use software is software that is purchased from commercial vendors "off-the-shelf," internally developed or contractor-developed solely to meet the entity's internal or operational needs. It is software that is:

- a. Used to operate an entity's programs (i.e., financial and administrative software, including that used for project management);
- b. Used to produce the entity's goods and to provide services (i.e., air traffic control and loan servicing); and
- c. Developed or obtained for internal use and subsequently provided to other federal entities with or without reimbursement.

**A.35 Key Decision Point (KDP).** The event at which the Program Management Council (PMC) Decision Authority determines the readiness of a program/project to progress to the next phase of the lifecycle (or to the next KDP).

**A.36 Land and Land Rights.** Land and Land Rights include the identifiable cost of land and land rights of unlimited duration acquired for or in connection with general property, plant, and equipment used in general operations and permanent improvements. Land and land rights accounts include not only the land, but also the rights to it, such as easements.

**A.37 Leasehold Improvements.** Leasehold Improvements includes NASA-funded costs of long-term capital improvements to leases, rights, interests, and privileges relating to land not owned by NASA, such as easements, right-of-ways, permits, use agreements, air rights, water rights, and mineral rights. Leasehold improvements also include NASA-funded costs of improvements made to buildings, structures and facilities, as well as easements and right-of-way, where NASA is the lessee or the cost is charged to a NASA contract.

**A.38 Minimum Lease Payments.** Payments NASA is obligated to make or can be required to make in connection with leased PP&E.

**A.39 Modification.** An alteration of an existing piece of property. A modification may or may not increase the useful life of the property being modified. Modifications may extend the useful life, enlarge or improve its capacity or, change or enhance performance or functionality of the item. Only modifications that meet the capitalization criteria are added to the book value of the asset.

- a. PP&E. Property, Plant and Equipment is composed of tangible assets that:
- b. Have an estimated useful life of 2 or more years;
- c. Not intended for sale in the ordinary course of business;
- d. Intended to be used or available for use by the entity; and

e. Has an alternative future use.

**A.40 Mothballed.** A condition where a facility or any other General PP&E asset has been deactivated and appropriate maintenance measures have been taken to prevent deterioration of its vital or essential systems or placed in protective storage. Higher first year costs would be expected because of preparations for mothballing, but future annual costs should be significantly lower due to reduced maintenance and repair requirements. Total time to deactivate and then to reactivate the facility, including the mothballed period, is expected to exceed 12 months.

**A.41 Multi-use Heritage Assets.** Heritage assets used to serve both heritage and government operations functions are considered multi-use heritage assets if the predominant use is in general government operations.

**A.42 Noncancelable.** A PP&E lease is considered noncancelable if it can only be canceled under one of the following conditions: 1) upon occurrence of a remote contingency, 2) with the permission of the lessor, 3) if the lessee enters into a new lease with the same lessor, or 4) if the lessee incurs a penalty in such amount that continuation of the lease appears, at inception, reasonably assured.

**A.43 Operating Materials and Supplies (OMAS).** OMAS is composed of tangible personal property to be consumed in normal business operations.

**A.44 Operating Materials and Supplies (OMAS) Held for Use, (Store Stock).** Material which is held and repetitively procured, stored and issued on the basis of recurring demand; considered "operating materials and supplies" under SFFAS No. 3.

**A.45 Operating Materials and Supplies Held in Reserve for Future Use, (Stand-By Stock).** Material held for emergencies; considered "stockpile materials" under SFFAS No. 3.

**A.46 Operating Materials and Supplies, Program Stock.** Material acquired by direct purchase or issue from Stores Stock for a specific program and stored until required by the program; may be "operating materials and supplies" under SFFAS No. 3, unless acquired for use in constructing real property or assembling equipment to be used by NASA.

**A.47 Operational Phase.** Consists of data conversion, application maintenance, training, and deployment.

**A.48 Other Structures and Facilities.** Other Structures and Facilities include costs of acquisitions and improvements of structures and facilities other than buildings; for example, airfield pavements, harbor and port facilities, power production facilities and distribution systems, reclamation and irrigation facilities, flood control and navigation aids, utility systems (heating, sewage, water and electrical) when they serve several buildings or structures, communications systems, traffic aids, roads and bridges, railroads, monuments and memorials and nonstructural improvements such as sidewalks, parking areas and fences.

**A.49 Out-grant.** An out-grant is an action by NASA granting certain rights such as leasehold, permits, and easements to the grantees to use NASA owned property in accordance with the terms and conditions of the grant and/or agreement.

**A.50 Property Plant and Equipment (PP&E).** Tangible assets, including land, that meet all of the following criteria:

- a. They have estimated useful lives of 2 years or more;
- b. They are not intended for sale in the ordinary course of operations; and
- c. They have been acquired or constructed with the intention of being used or being available for use by the entity.

**A.51 Real Property.** Land, buildings, other structures and facilities, and leasehold improvements.

**A.52 Recorded Cost.** The recorded cost is the acquisition cost of an asset plus any ancillary costs required to bring the asset to a form and location for its intended use.

**A.53 Research.** Research is planned search or critical investigation aimed at discovery of new knowledge with the hope that such knowledge will be useful in developing a new product or service or a new process or technique or in bringing about a significant improvement to an existing product or process.

**A.54 Salvage Value.** The salvage value, also known as the residual or scrap value, is the amount that would be expected to be obtained from selling the asset at the end of its useful life, but only when such proceeds (from recycle, resale, salvage, etc.) are permitted to be retained and used by NASA. Typically, personal property (i.e., vehicles and equipment) will not have a salvage value. If the asset is to be traded in on a new asset, the salvage value is the expected trade-in value. For purposes of computing depreciation, real property assets (i.e., buildings, facilities and structures) do not have salvage values.

**A.55 Software.** Application and operating system programs, procedures, rules and any associated documentation pertaining to the operation of a computer system or program.

**A.56 Software Life Cycle Phases.** The phases through which a software application or information system passes,

typically characterized as formulation, implementation, and operation, as defined below.

**A.57 Standby.** Condition where a facility or any other General PP&E asset that is temporarily not in use and appropriate maintenance measures have been taken to maintain its vital or essential operating systems in a state of readiness or availability for future use. Selective lifecycle cost effective facilities maintenance and repair is required. Total time to deactivate and then to reactivate the facility, including the standby period, is expected to be less than 12 months.

**A.58 Theme Assets.** Assets that are the principal products of Theme Projects that have the possibility of an alternative future use/benefit. Theme Assets will therefore be treated as Capitalized Property Plant & Equipment, which is capitalized and depreciated in accordance with generally accepted accounting principles.

**A.59 Theme Projects.** Space exploration items that are specifically designed for use in a NASA program, (i.e., NASA developed and /or funded scientific experiments intended to operate outside the atmosphere).

**A.60 Time-based Allocation.** A strategy for recognizing capital costs in WBS elements (such as "Project Management" or "Systems Integration and Testing") where not all costs collected will be capitalized. Such WBS elements would not have an asset attribute enabled but rather a defined settlement process in SAP based on dates.

**A.61 Un-required Property.** Property identified by Agency components that is no longer needed by the component and is available for transfer to other components of the Agency.

**A.62 Useful Life.** The normal operating life in years, in terms of utility to NASA.

**A.63 Work-In-Progress (WIP).** Work-In-Progress consists of the costs (i.e., procured materials, labor, travel, etc.) related to the design and fabrication of an asset to bring it to a form and location for its intended use, until such time as it is considered operational.

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